

Confidential Funds Certification

These provisions apply to all recipients of *NCAP* funds who receive confidential funds. These provisions have been taken directly from the Office of Justice Program's Financial Guide, Chapter 8. A signed, certification that the Applicant Authorized Official has read, understands, and agrees to abide by these provisions is required from all projects that are involved with confidential funds from either Federal or matching funds. The signed certification must be submitted at the time of grant application.

Confidential funds are those monies allocated to:

Purchase of Evidence (P/E): This category is for the purchase of evidence and/or contraband, such as narcotics and dangerous drugs, firearms, stolen property, counterfeit tax stamps, etc., required to determine the existence of crime or to establish the identity of a participant in a crime.

Purchase of Specific Information (P/I): This category includes the payment of monies to an informant for specific information. All other information expenses fall under **Purchase of Services (P/S)**, which are not allowable expenditures through the *NCAP* Grant.

These funds will only be allocated when:

1. The particular merits of a program/investigation warrant the expenditure of these funds.
2. Requesting agencies are unable to obtain these funds from other sources.

Confidential funds are subject to prior approval. Such approval shall be based on a finding that they are a reasonable and necessary element of project operations.

Written Procedures: Each agency authorized to disburse confidential funds must develop and follow internal procedures which incorporate the following elements. Deviations from these elements must receive prior approval from the Missouri Department of Public Safety.

1. **Imprest Fund:** The funds authorized shall be established in an imprest fund that is controlled by a bonded cashier.
2. **Advance of Funds:** The supervision of the unit to which the imprest fund is assigned must authorize all advances of funds for the purchase of information. Such authorization must specify the information to be received, the amount of expenditures, and the assumed name of informant.
3. **Informant Files:** Information files are confidential files of the true name, assumed names, and signature of all informants to whom payments of confidential expenditures have been made. To the extent possible, pictures and/or fingerprints of the information payee should also be maintained.
4. **Cash Receipts:**
 - a. The cashier shall receive from the agent or officer authorized to make a confidential payment a receipt for cash advanced to him/her for such purposes.
 - b. The agent or officer shall receive from the information payee a receipt for cash paid to him/her.
5. **Receipt for Purchase of Information:** An information payee receipt shall identify the exact amount paid to and received by the information payee on the date executed. Cumulative or anticipatory receipts are not permitted. Once the receipt has been completed, **no alteration is allowed**. The agent shall prepare an information payee receipt containing the following information:
 - a. The jurisdiction initiating the payment
 - b. A description of the information/evidence received;
 - c. The amount of payment, both in numerical and word form;
 - d. The date on which the payment was made;
 - e. The signature of the informant payee;
 - f. The signature of the case agent or officer making payment;
 - g. The signature of at least one other officer witnessing the payment; and
 - h. The signature of the first line supervisor authorizing and certifying the payment.

6. **Review and Certification:** The signed receipt from the informant payee with a memorandum detailing the information received shall be forwarded to the agent or officer in charge. The agent or officer in charge shall compare the signatures. He/she shall also evaluate the information received in relation to the expense incurred and his/her evaluation remarks in the report of the agency or officer who made the expenditure from the imprest fund. The certification will be witnessed by the agent or officer in charge on the basis of the report and informant payee's receipt.
7. **Reporting of Funds:** Each project shall prepare a reconciliation report on the imprest fund on a quarterly basis. Information to be included in the reconciliation report will be the assumed name of the informant given and to what extent this information contributed to the investigation. Grantees shall retain the reconciliation report in their files and have available for review by the Missouri Department of Public Safety.
8. **Record and Audit Provisions:** Each project and member agency must maintain specific records of each confidential fund transaction. At a minimum, these records must consist of all documentation concerning the request for funds, processing (should include the review and approval/disapproval), modifications, closure or impact material, and receipts and /or other documentation under Information Files for a list of documents which should be in the informant files. In projects where grant funds are used for confidential expenditures, it will be understood that all of the above records, except the true name of the informant, are subject to the records and audit provisions of the Missouri Department of Public Safety.

Informant Files

1. **Security:** A separate file should be established for each informant for accounting purposes. Informant files should be kept in a separate and secure storage facility, segregated from any other files, and under the exclusive control of the office head or an employee designated by him/her. The facility should be locked at all times when unattended. Access to these files should be limited to those employees who have a necessary legitimate need. An informant file should not leave the immediate area, except for review by a management official or the handling agent, and should be returned prior to the close of business hours. Sign-out logs should be kept indicating the date, information number, time in and out, and the signature of the person reviewing the file.
2. **Documentation:** Each file should include the following information:
 - a. Informant Payment Record kept on top of the file. This record provides a summary of informant payments.
 - b. Informant Establishment Records, including complete identifying and locating data, plus any other documents connected with the informant's establishment.
 - c. Current photograph and fingerprint card (or FBI/State Criminal Identification number).
 - d. Agreement with Cooperating Individual.
 - e. Receipt for Purchase of Information.
 - f. Copies of all debriefing reports (except for the Headquarters case file).
 - g. Copies of case initiation report bearing on the utilization of the informant (except for the Headquarters case file).
 - h. Copies of statements signed by the informant (unsigned copies will be placed in the appropriate investigative files).
 - i. Any administrative correspondence pertaining to the informant, including documentation of any representations made on his behalf or any other non-monetary considerations furnished.

Accounting and Control Procedures: Special accounting and control procedures should govern the use and handling of confidential expenditures, as described below:

1. It is important that expenditures which conceptually should be charged to PE/PI/PS are in fact so charged. It is only in this manner that these funds may be properly managed at all levels and accurate forecasts of projected needs be made.
2. Each law enforcement entity should apportion its PE/PI/PS allowance throughout its jurisdiction and delegate authority to approve PE/PI/PS expenditures to those offices, as it deems appropriate.
3. Headquarters management should establish guidelines authorizing offices to spend up to a predetermined limit of their total allowance on any one investigation.

4. In exercising his/her authority to approve these expenditures, the supervisor should consider:
 - a. The significance of the investigation;
 - b. The need for this expenditure to further that investigation; and
 - c. Anticipated expenditures in other investigations. Funds for PE/PI/PS expenditures should be advanced to the officer for a specific purpose. If they are not expended for that purpose, they should be returned to the cashier. They should not be used for another purpose without first returning them and repeating the authorization and advance process based on the new purpose.
5. Funds for PE/PI/PS expenditure should be advanced to the officer on a suitable receipt form. A receipt for purchase of information or a voucher for purchase of evidence should be completed to document funds used in the purchase of evidence or funds paid or advanced to an informant.
6. For security purposes, there should be a 48-hour limit on the amount of time funds advanced for PE/PI/PS expenditure may be held outstanding. If it becomes apparent at any point with the 48-hour limit may be granted by the level of management that approved the advance. Factors to consider in granting such an extension are the amount of funds involved, the degree of security under which the funds are being held, how long an extension is required, and the significance of the expenditure. Such extensions should be limited to 48 hours. Beyond this, the funds should be returned and re-advanced, if necessary. Regardless of circumstances, within 48 hours of the advance, the fund cashier should be presented with either the unexpended funds, an executed voucher for payment for information or purchase of evidence, or written notification by management that an extension has been granted.
7. Purchase of Services (P/S) expenditures, when not endangering the safety of the officer or informant, need to be supported by canceled tickets, receipts, lease agreements, etc. If not available, the office head, or his immediate subordinate, must certify that the expenditures were necessary and justify why supporting documents were not obtained.

This is to certify that I have read, understand, and agree to abide by all of the conditions for confidential funds as set forth in this document as outlined in the Office of Justice Program's Financial Guide, Chapter 8.

Applicant Authorized Official

Date